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When it comes to trial, intent is everything

Most US trademark law litigators and trial attorneys agree that the most important element of proof in a trademark litigation and trial is the intent of the defendant in adopting its accused trademark

US trademark owners can enforce their trademarks against an infringer under either Section 32 or 43(a) of the Lanham Act (15 USC Section 1051 and following). Section 32 provides for relief from the use in commerce of any copy or colourable imitation of a registered trademark in connection with the sale of, or offering for sale of, any goods or services that is likely to cause confusion or mistake, or to deceive. Section 43 provides relief in a civil action for use in commerce of an unregistered (common law) trademark which is likely to cause confusion or mistake, or to deceive. Section 43 also provides protection against false advertising and trademark dilution.

In order to prove infringement of a registered mark (Section 32) or common law mark (Section 43) in court, a plaintiff must establish its ownership of a valid trademark, and that the defendant's use of the same or a similar trademark creates a likelihood of confusion among consumers. The United States is a common law country in which the ownership of trademark rights is established through the use of the trademark in commerce. Proof of the likelihood of confusion may be established based on:

- evidence of actual confusion of purchasers;
- the strength of the infringed mark (ie, that it is arbitrary or suggestive rather than descriptive); or
- other evidentiary factors, including:
 - the degree of similarity between the infringed mark and the accused mark;
 - whether the goods or services are marketed in the same channels of trade;
 - the bad faith of the defendant; or
 - the sophistication of the purchasers.

In the absence of evidence of actual

confusion, federal judges often announce that they expect the plaintiff to support its claim of likelihood of confusion with a consumer survey. In one case involving the mark HAVANA in relation to cigars made in Puerto Rico, a survey showing a 20% confusion rate was used to support a finding of false designation of geographic origin, despite the fact that the product's label clearly stated that the product was made in Puerto Rico.

When faced with a competitor marketing an identical or similar product under a similar or identical trademark, a US plaintiff trademark owner does not normally commission a survey before filing suit or sending a warning letter to an infringer to prove that its mark is inherently distinctive or possesses secondary meaning. It normally relies on the presumption of validity created by its federal registration. Nor does it usually arrange for a likelihood of confusion survey between its mark and the competitor's mark. However, a potential competitor, after conducting a trademark search in advance of launching its new product and finding the plaintiff's prior similar mark on competitive products, may often have a professional survey conducted in order to establish the absence of likelihood of confusion. This would be an acceptable defence to a charge of wilful infringement, which can subject it to increased damages of up to three times the amount of actual damages (15 USC 1117(a)).

An action for trademark infringement is most often filed in a federal court because infringement of a federally registered trademark presents a federal question which creates subject-matter jurisdiction in a federal district court. A trademark owner which finds a state court to be a more favourable forum can rely on its common law trademark to bring suit there. However, a state court action for unfair

competition and common law trademark infringement is susceptible to removal by the defendant to a federal court pursuant to 28 USC Sections 1141 and following, on the basis that Section 43 of the Lanham Act presents a federal question conferring federal subject matter jurisdiction on a federal district court (*Beech-Nut, Inc v Warner-Lambert Company*, 480 F2d 801 (2nd Circuit, 1973)). An important change in the law governing federal civil pleadings is that 'notice pleading' no longer states a sustainable cause of action. Plaintiffs such as General Motors Corp, for example, can no longer simply plead that defendant ABC Corporation infringes its federally registered trademark by its use of the mark CADILLAC® on its bicycles". It must set out facts supporting its allegations. The Supreme Court in *Bell Atlantic Corp v Twombly* (550 US 544 (2007)) and *Ashcroft v Iqbal* (129 S Ct 137 (2009)) required a complaint to plead sufficient factual material to state a "plausible" claim for relief.

A defendant is required to admit or deny each paragraph of the complaint. It can also plead affirmative defences, such as that the plaintiff's mark is merely descriptive and lacks secondary meaning. A defendant can also counterclaim for a declaratory judgment of trademark invalidity and/or non-infringement. If the defendant believes that the plaintiff has not pleaded facts which are sufficient to state a plausible cause of action, it can file a motion to dismiss the complaint for failure to state a (plausible) claim, pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure. Before the Supreme Court decisions in *Twombly* and *Iqbal*, Rule 12(b)(6) motions to dismiss were routinely denied because a plaintiff was not required to plead facts supporting its cause of action. Now failure to plead a plausible set of facts supporting its cause of action can result in the dismissal of the plaintiff's complaint.

The plaintiff can elect to file a motion for preliminary injunction enjoining the use and sale of the alleged infringing goods or services until trial on the merits. To prevail on its motion for preliminary injunction, the plaintiff must demonstrate that:

- there is a likelihood of success on the merits;
- it will suffer irreparable injury pending trial;
- the balance of hardships favours the plaintiff; and
- a preliminary injunction is necessary to protect the interests of third parties, since the rights of the public are not to be deceived or confused.

The greatest expense in conducting a US trademark litigation through trial and appeal is pre-trial discovery of fact and opinion evidence supporting the opponent's legal position, particularly in responding to discovery requests. Discovery typically comprises the deposition of witnesses, investigations and requests for the production of documents, including electronically stored documents.

A party can file objections to the other side's discovery requests. It can also file a motion to vacate a notice of deposition of a witness and to proceed instead on written investigations. Such motions are granted in situations in which, for example, the president of a plaintiff company in a foreign country is served with a notice of deposition to testify in New York City where the trademark action is pending. The controlling US law is that when a plaintiff corporation brings suit in a particular forum, it must produce its officers for their depositions in the forum that it selected to bring suit. However, when the court is convinced that the defendant has noticed the deposition of a corporate officer, such as the president of a Tokyo corporation to take place in New York City, and it is apparent that the principal purpose of the notice of deposition is to embarrass and harass the witness and motivate the plaintiff to drop the case, it will grant the motion to vacate the notice of deposition and to proceed on written investigations. On the other hand, if a party refuses to respond to a discovery request, the party seeking answers to its interrogatories, deposition questions or requests for production of documents can bring a motion to compel answers to its questions or to compel production of documents pursuant to Rule 37 of the Federal Rules of Civil Procedure.

Most trial courts prefer to rely on survey evidence to support a finding of a likelihood



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of confusion. Whether a secondary meaning or likelihood of confusion survey will be introduced at trial is disclosed during pre-trial discovery and made a part of the court pre-trial order. The court sets a time period within which the depositions of expert witnesses must be completed. At such depositions, the opposing counsel will have obtained a copy of his or her opponent's survey report and will cross-examine the expert witness on the contents and results of the survey. Subjects covered by the cross-examination may include:

- the deponent's qualifications as an expert in developing a statistically valid survey on trademark law issues;
- his or her education;
- his or her experience in the survey field;
- his or her publications; and
- his or her prior trial testimony in trademark cases.

The cross-examiner also probes the survey taker's methodology, aiming to discover whether he or she employed the proper universe of respondents with regard to:

- age distribution;
- whether the respondent had ever purchased the trademarked product or was planning to purchase the

- trademarked product in the future;
- whether the survey was a telephone survey or a face-to-face survey conducted in a shopping mall; and
- whether the principles of sampling and survey validation were followed.

The transcript of witness deposition testimony can be introduced into evidence at trial to correct or impeach such witness trial testimony.

Trial attorneys normally make opening statements to the court and always to the jury. Opening statements are designed to inform the trier of the facts of what each side intends to prove through witness testimony and the exhibits that will be introduced into evidence. After the opening statements, each side makes its case. Each witness gives direct testimony, and is then subjected to cross-examination, and possibly redirect and examination. An expert witness first testifies with respect to his or her credentials as an expert on the matter in issue. He or she is then offered to the court as an expert. The court next asks the opposing counsel whether he or she will accept the proffered witness as an expert in the relevant field. If not, the opposing counsel conducts a *voir dire* examination, which is a cross-examination to elicit whether the witness is in fact qualified as an expert to provide testimony that, for example, his or her survey demonstrates that the plaintiff's trademark in suit has acquired secondary meaning or that a likelihood of confusion exists between the plaintiff's and the defendant's trademarks. After cross-examination and redirect and re-cross examination, the survey forming the subject of the expert testimony is offered in evidence and the court rules on its admissibility.

Most US law litigators and trial attorneys agree with Professor J Thomas McCarthy that the most important element of proof in a trademark litigation and trial is the intent of the defendant in adopting its accused mark. If the reason was to gain a benefit from a perceived association with the plaintiff's mark, this will surely be reflected in a less than favourable outcome for the defendant. If, however, a defendant in an action has retained an independent designer to create a logo or mark which has been crafted so as to avoid infringement of the plaintiff's mark and/or trade dress (even though the plaintiff may argue that the designer came as close as he or she dared to the plaintiff's mark or trade dress), it will present to the court or jury an opportunity to find that the defendant succeeded in its intention not to infringe the plaintiff's mark and obtain a ruling of non-infringement. **WTR**